



Financial Management Update

Assistant Secretary of the Air Force (Financial Management & Comptroller)

May 1998

1. Career Field Drawdown Drills. According to the latest AF/XPMR numbers, the FM career field is scheduled to lose about 1,630 slots over the FYDP. About 80 officer, 1,000 enlisted, and 550 civilian authorizations are/will be programmed for deletion. The major areas include DFAS AF military reductions, travel reengineering, and capitalization of the USAFE RAFO (about 1,020); outsourcing and privatization (O&P) of the Communications Groups (about 100); transfer of Andersen AFB to caretaker status (about 50); and other miscellaneous reductions, e.g., Dorn/NPR cuts, BOS Infrastructure cuts (about 460). In addition, AFMC is taking numerous actions to reorganize their activities which could result in the loss of several hundred additional slots, e.g., closure of Kelly and McClellan AFBs by 2001 (BRAC 95 actions) and SPO reorganizations. DFAS is also conducting numerous A-76 and O&P studies in virtually all of their areas which could potentially impact the remaining AF military assigned to the OPLOCs, and a DRI calls for the closure of about half of the DFAS OPLOCs. SAF/FMB and FMC have also been asked to look for ways to streamline their operations at all levels. Air Force FM expects to accommodate most of our cuts through streamlining our business processes. Air Force FM will be smaller, but it will remain a viable career force performing critical functions for the Air Force. (Lt Col Tom Sander, SAF/FMPC, DSN 225-0852)

2. Omnibus Reprogramming Request. On 8 May 1998, the Air Force submitted a \$611 million request to OSD to resolve FY98 funding shortfalls. Of this request, the largest share was a \$578 million proposed increase to the O&M account. This package of requirements and sources will now go through a thorough review in OSD and OMB before reaching Congress. The corporate financial structure reviewed and validated \$710 million of unfunded requirements and deferred \$666 million in bills back to commands. We will continue to cash flow as many of these validated requirements as possible until receipt of Omnibus funding later this summer. In the April funding documents we released over \$187 million to help relieve some of these bills. We will keep you apprised of the progress of the request. (Col Jack Bailey, SAF/FMBOI, DSN 224-4096)

3. FY98 Supplemental for Recovery from Natural Disasters. Congress funded our requirements for El Nino (\$23.6M) of which \$21.8 is AF O&M in the defensewide account, ANG O&M \$0.9M, and military family housing \$0.9M. For damages caused by Hurricane Paka we received \$27.4M. (Col Jack Bailey, SAF/FMBOI, DSN 224-4096)

4. FY98 Supplemental for Military Operations. Congress also approved our request for \$389M to cover additional costs incurred in Southwest Asia. However, OSD has chosen to hold back \$147M pending review of our obligation rates. Contingency funds are "no year, no color" money until distributed to the Services at which time it assumes the characteristics of the appropriation that receives the funds. Congress has indicated there might not be a Supplemental bill next year for SWA. Any funds held by OSD in FY98 can be issued to the Air Force in FY99 to defray any additional costs beyond what was contained in the President's Budget. We will continue to work with the commands to reimburse their contingency obligations. Every effort needs to be made to keep a lid on contingency costs. (Col Jack Bailey, SAF/FMBOI, DSN 224-4096)

5. Financial Management Policy. The first meeting of the Financial Management Policy Integrated Process Team (IPT) was held 10 February 1998, at the Pentagon. The goal of the team is to streamline financial regulation, particularly those that affect acquisition. Mr Stuart, SAF/FMB, reviewed the background, process, methods, goals, and guidelines for the team. The IPT will identify realistic targets for change, research the background, identify the policy impact, develop options, and select a strategy for action. All recommended changes or actions will be fully coordinated with all affected organizations. Initially, the issues of bona fide need, program management administration, and the use of element of expense investment codes were selected for overall IPT review. Other topics suggested by members will be addressed after completion of the initial issues. Based on background provided by SAF/FMB members, the IPT members will discuss the first three issues with interested parties at their organizations. The next meeting

of the IPT will focus on these areas and start developing options and strategies. (Ms Marti Maust, SAF/FMBMM, DSN 225-4938)

6. FY99 President's Budget Justification Books. Air Force Congressional justification material is now available on the Internet at the SAF/FMB homepage. Each appropriation appears under its own title and is located under "What's New" as well as "SAF/FMB". A total of 20 justification books are available. Placement of justification material on the FMB homepage will occur on an annual basis. Should you encounter difficulty reading a particular justification book, you may wish to switch to another browser. Due to the length and extensive use of graphic files, some browsers cannot handle certain files. For direct access, the address for the SAF/FMB homepage is <http://www.saffm.hq.af.mil/SAFFM/FMB/just.html>. The President's Budget is also available on compact disk read only memory (CD-ROM) from the Defense Automated Printing Service (DAPS). You must first establish an account with DAPS to receive CD-ROM. The point of contact and ordering information can be obtained by calling DSN 327-5257 or by visiting www.nova.sebt.daps.mil. (Mr Doug Sutor, SAF/FMBMM, DSN 225-4939)

7. Accounting Initiatives. We are exploring different ways to make the accounting systems more responsive to management's needs. There are presently two major initiatives underway and a third in a preliminary stage. (1) A depot level reparable (DLR) accounting initiative is aimed at simplifying DLR supply accounting procedures to reduce complexity and increase accuracy and reliability of accounting reports. A panel of participants from AFAA, DFAS, USD(C), and SAF/FMBM held initial discussions on the subject during meetings in November 1997 and March 1998. The team's next meeting will be in May 1998. (2) The Fuels Automated System (FAS) is being developed by the Defense Energy Support Center (DESC) to provide a streamlined integrated process for fuels DoD-wide. FAS will integrate acquisition, inventory, and financial information for an improved fuels business process. The improvements resulting from FAS will also result in improved data in accounting reports. (3) A new team will be chartered next month to review the Cost of Goods Sold methodology for wholesale supply accounting. This effort, an outgrowth of last year's OSD-led Working Capital Fund Study, will focus on the disconnect between accounting and budgeting results in Cost of Good Sold methodology and potential changes to inventory valuation methods. (Ms Cheri Wilson, SAF/FMBMR, DSN 224-3803)

8. Cash Summit. In February 1998, Air Force Material Command hosted our first cash summit, which brought together experts in all facets of Working Capital Fund cash reporting, recording, and analysis. Participants from SAF/FM, AFMC/FM, USTRANSCOM, HQ DFAS, and each Air Logistics and DFAS Centers discussed the challenges of cash management and outlined short and long term initiatives to improve reporting, forecasting, and analysis. Follow up of the action items will be by VTC in mid summer, with a second summit, hosted by DFAS-Denver, in late fall. (Ms Vera Hammonds, SAF/FMBMR, DSN 224-3803)

9. SAF/FMB Domino Web Site. Outside organizations, such as a systems development office, can now interact with the classified work flow system used by the budget office in the Pentagon. The classified Secretary of the Air Force Budget Office Web Site was created to disseminate budget information to the major commands, program element monitors, and anyone else who is not directly connected to the SAF classified local area network (LAN). This function, provided by Lotus Domino, allows any and all Lotus Notes databases hosted on the Domino server to be available through the use of a web browser. Users who have a transmission control protocol/Internet protocol (TCP/IP) connection to the secret Internet protocol router NETwork (SIPRNet) and a web browser can now access the databases hosted on the Domino server. This function is the product of the Domino translation engine. It translates native Lotus Notes databases into hyper text markup language (HTML) format on the fly. In addition to this, we can obtain an input from outside the organization and then add it directly to the databases to provide real time data from outside the organization. This system enables us the ability to receive limited e-mail as part of this new and useful budget tool. (Ms Colleen Holland & Mr Paul Jacobs, SAF/FMBMA, DSN 224-4411 and 224-4498)

10. Concept of Operations. The FY 1998 National Defense Authorization Act requires DoD to submit to Congress, by 30 September of each even-numbered fiscal year, a strategic plan for the improvement of financial management within DoD. The plan will include a "Concept of Operations" that describes the manner in which DoD accounting and finance functions and operations will be conducted in the future. USD Comptroller personnel will lead the effort to construct the Concept of Operations and we will assist as

necessary. At the same time, we will work to develop a more detailed, Air Force specific plan oriented toward the processes for obtaining and compiling the information needed to prepare annual Air Force financial statements that can pass audit scrutiny. We will pass along pertinent information from these plans once they have been completed and approved. (Mr Fred Wulsin, SAF/FMPS, DSN 227-6465)

11. Accounting OJT Training Guides. The accounting OJT training guides are now available on the SAF/FM Home Page under "Enlisted Matters". Also included are guides for Disbursing, Financial Analysis, and Travel with Military Pay guides in the final edit stage. The training guides are excellent tools for members in upgrade training or used as qualification training in the case of a transfer to a new position. The guides are primarily directed at enlisted training but, we've received excellent feedback from our civilian employees who take advantage of the scenario-based training tools. Any recommended changes/updates to the guides should be coordinated through SMSgt Sizemore at the following e-mail address: sizemorm@af.pentagon.mil. (SMSgt Mike Sizemore, SAF/FMPC, DSN 224-5399)

12. TOP DOLLAR. Brig Gen Samic, AFMC Comptroller, Col Cooning, AFMC Contracting, and their staffs are gearing up for hosting TOP DOLLAR 1998. They will be asking for assistance from all of the commands as they tackle this tremendous effort. They can't stand alone! We encourage all comptroller and contracting personnel who are called upon to support the AFMC team to ensure the success of the upcoming competition. We are looking forward to shining once again as we exhibit our war fighting skills and teamwork at TOP DOLLAR 1998. (SMSgt Mike Sizemore, SAF/FMPC, DSN 224-5399)

13. New Travel Card. The contract was awarded to NationsBank effective 1 December 1998, 1201 a.m. The card to be used by DoD travelers will be a VISA. Contract details and training materials are being developed and you should start hearing more about them during the month of May. The contract will be using a software package called EGALS that will be on-line and will allow Agency Program Coordinators (APCs) to do all maintenance and review reports. (Mr Michael Weber, SAF/FMPC, DSN 224-5412)

14. Government Performance and Results Act (GPRA). SAF/FM and AF/XPX (Air Force Plans and Programs, Strategic Planning) have prepared a Strategic Plan and a Performance Plan for the Air Force as directed by the GPRA of 1993. Volume 2 of the Strategic Plan deals with the GPRA. The three goals established are: Operational Performance, Quality Personnel, and Modernization. Some examples of the 26 Performance Measures established to indicate our progress in meeting these goals include: mission capable rates, SORTS, personnel quality, retention, reenlistments, quality of life, flying hours flown, flying hour costs, logistics response time, operating results of supply and depot operations, and cost and schedule variance of major acquisition programs. The documents were developed using inputs from the Air Staff and Major Commands obtained through the Strategic Planning Board of Directors meetings. The documents will next be coordinated through OSD before submission to the Congressional committees. (Mr Chuck Bennett, SAF/FMP, DSN 227-2907)

15. Air Force Total Ownership Cost (AFTOC). An AFTOC Steering Group meeting was held on 30 March in Crystal City, Virginia, to discuss plans to implement an AFTOC data system. The meeting was chaired by SAF/FMC with representatives from various Major Operating Commands. In particular, the objective of the meeting was to establish and clarify the requirements for an Air Force-wide system. Also, the meeting resulted in the formation of an IPT that will help refine the requirements of AFTOC as the system evolves. Anyone interested in joining the IPT needs to contact the focal point below.

The Air Force and SAF/FMC will stand-up an AFTOC data system on 30 April 1998 which is projected to replace and expand upon the Visibility and Management of Operating and Support Costs (VAMOSOC) system. The system will initially contain only direct costs for aircraft systems. The system will be expanded over the next 12 months to add all costs for all systems, as well as component level data. The 30 April release is a beta system available to government personnel only. A user ID and password will be required to access the AFTOC data. All are encouraged to visit the site www.vamosoc@tasc.com, request a user ID, and provide feedback on the initial data products. (Ms Wendy Kunc, AFCAA, DSN 664-0415)

16. Factors Air Force Cost Analysis Improvement Group (AFCAIG). MAJCOM cost per flying hour factor submissions were briefed to the AFCAIG during the period 11-18 February. Each MAJCOM presented their submission to an AFCAIG group consisting of representatives from FMB, FMC, ILS, XPP, and others. The review focused mostly on assessing in detail changes from the previous AFCAIG. The reviews closed with

the AFCAIG Working Group providing each MAJCOM recommended changes to consider. MAJCOM changes were received on 16 March. The MAJCOM submissions along with the AFCAIG Working Group's assessment have been passed to the Panels for final validation and approval. (Maj Steve Andrasz, AFCAA, DSN 664-0453)

17. Long Range Planning. SAF/FMC has been a key player supporting the Air Force's Long Range Planning initiatives. Working side by side with strategic planners, SAF/FMC has estimated the cost of new and futuristic weapon systems. Additionally, we have participated in MAJCOM planning conferences to help standardize documentation for systems the MAJCOMs have presented to the Air Force planning community. Our objective is to ensure all of these systems pass the tests of military effectiveness, usefulness within the Air Force's force structure, and affordability within anticipated funding constraints. (Maj Brian Shimel, AFCAA, DSN 664-0457)

18. Cost Research. On-going research efforts at the AFCAA include an Overhead Study on nine plants, complexity generator development in the NASA/Air Force Cost Model (NAFCOM), O&S models for long range planning efforts, update of the tri-service missile database in ACDB and the integration of the ACEIT/ RISK modules. Please see our web site for these and other on-going efforts at the Agency. (Ms Theresa O'Brien, AFCAA, DSN 664-0394)

19. Joint Air-to-Surface Standoff Missile (JASSM) Analysis of Alternatives (AoA). AFCAA has just completed a rigorous nine-month effort supporting the AoA for the JASSM. JASSM, managed out of Eglin AFB, is a research and development program currently in a down-select phase between Lockheed-Martin and Boeing. Preparations for the AoA began in the 3rd quarter of FY97. The analysis included both missiles being developed in the JASSM competition and a modified version of the Navy's SLAM-ER. Due to the serious impact of the decision and the level of visibility, the cost estimate for the AoA commanded an attention to detail on par with a Major Acquisition Program Review. A preferred alternative is expected to be announced in April 1998, along with a contract down-select (if JASSM is chosen). Other major participants in the AoA included OSD(PA&E), the JASSM Joint Program Office, the Naval Center for Cost Analysis (NCCA), Naval Air Systems Command (NAVAIR), and Air Combat Command (ACC). (Ms Debbie Cann, AFCAA, DSN 664-0402)

20. AFCAA Component Cost Analysis (CCA) Activities. Cost analysis reviews for the programs shown below are currently scheduled for the Cost Analysis Agency.

Evolved Expendable Launch Vehicle (EELV): The Cost Integrated Process Team (CIPT) has completed two interim reconciliations and the final reconciliation between the CCA and the Program Office Estimate (POE) on the ground rules, assumptions, methodologies, and preliminary estimate of the Service Cost Position (SCP). This ACAT 1D program is projected to meet a Milestone II DAB in the summer of 1998.

Space-Based Infrared System-Low (SBIRS-Low). The CIPT briefed recommended SCP to the AFCAIG on 27 March 1998. The OSD CAIG briefing is currently scheduled 29 April 1998. This ACAT 1D program is projected to meet a Milestone I DAB at the end of May 1998.

Advanced Extremely High Frequency (Adv EHF). The CIPT will kick off in July 1998. The Milestone I DAB for this ACAT 1D program will be in early February 1999. A preliminary draft Cost Analysis Requirements Description (CARD) was distributed by the program office on 1 April 1998 for review and comment.

Minuteman III Guidance Replacement Program (GRP): The CIPT will kick off in July 1998. The Milestone III review for this ACAT 1C program will be in December 1998.

Global Position System (GPS)-Modernization: The CIPT held a kick-off meeting on 18 March 1998. The CIPT is preparing the Service Cost Position in support of the GPS-Modernization program DAB to be held in August 1998. This effort has the added challenges of the concurrent AoA, the concurrent documentation development, the coordination of all the services and the civil sector, and the coordination of other programs dependent on the GPS program modernization (JPALS and GATM). A draft CARD with thirteen alternatives was provided to the CIPT members on 4 March 1998.

JASSM. A five person team recently completed a cost assessment in support of the JASSM/SLAM-X AoA. If a JASSM configuration is chosen, the JASSM Milestone II DAB is scheduled for September 1998. Kick-off of the CIPT was in mid-April.

Hard & Deeply Buried (H&DB). A Cost Working Group kick-off meeting was held on 8-9 April 1998 in Washington, DC. A waiver of the OSD Independent Cost Estimate requirement has been signed for this Milestone I decision. A cost assessment of the thirteen alternatives will be performed by the AFCAA team and by OSD. CARDS will be developed and provided to AFCAA and OSD to support the cost assessment. The Milestone I DAB is planned for October 1998.

JSOW (Navy Lead). AFCAA will estimate Air Force unique costs for JSOW as part of a Navy led cost team. Milestone III DAB is scheduled for October 1998. The estimating process is expected to kick-off in April 1998.

B-1 BLOCK D JDAM/1756. This ACAT IC program is going to a Milestone III DAB in December 1998. The CIPT will kick-off in June 1998.

JDAM. The CIPT will kick off in August 1998. The Milestone III DAB will be in February 1999.

Joint Precision Approach & Landing System (JPALS). AFCAIG concurred with the JPALS CIPT's recommended \$6 billion (TYS) Service Cost Position for the Air Force portion of the total JPALS Life Cycle Cost Estimate. The Army and Navy positions will be finalized prior to the OSD CAIG scheduled for 7 May.

TRANSCOM Regulating and Command & Control Evacuation System (TRAC2ES). The TRAC2ES CIPT reconciled the Component Cost Analysis (CCA) and Program Office Estimate (POE) of the high cost/high risk areas of software development and software maintenance on 10-11 March 1998. The CCA team is aggressively completing a sufficiency review of the POE in preparation for the second reconciliation set for April 1998. (Lt Col Roy Clayton, AFCAA, DSN 664-0397)

21. Sufficiency Reviews. In support of the Major Automated Information System Review Council, in March 1998, AFCAA completed sufficiency reviews on the following programs:

- Configuration Management Information System (CMIS)
- Manufacturing Resource Planning II Commercial Off-The-Shelf (MRP II COTS)
- Defense Message System (DMS)

In addition, a SAF/FMC led sufficiency review is planned to support the F-22 Low Rate Initial Production decision currently scheduled for November 1998. The kick-off is planned for May 1998. (Ms Ranae Woods, AFCAA, DSN 332-9333)

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